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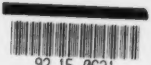
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



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FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 159D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission Files Number: 33-1436

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MARY KAY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**51-0387715** (I.R.S. Employer Identification No.)
1013 Centre Road **Suite 350** **Wilmington, Delaware** (Address of Principale Executive Offices)	**19805** (Zip Code)

Registrant's telephone number, including area code: (302) 998-0592

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No____

There is no public trading market for the Registrant's voting stock.

At March 31, 1992 the Registrant had outstanding 365,963 shares of its Common Stock, par value $1.00 per share.

Manually signed and
signature verified 4/1/92

MARY KAY CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
Current assets:		
Cash and cash equivalents	$ 67,396,000	$ 52,157,000
Accounts receivable	3,552,000	6,791,000
Inventories:		
Raw materials	15,514,000	13,666,000
Finished goods	35,138,000	34,690,000
	50,652,000	48,356,000
Income taxes receivable	2,109,000	-
Deferred income tax benefit	8,835,000	8,795,000
Other current assets	5,777,000	4,877,000
Total current assets	133,321,000	120,976,000
Property, plant and equipment, at cost	90,995,000	89,826,000
Less accumulated depreciation	52,203,000	50,819,000
	38,792,000	39,007,000
Identified intangible assets	88,424,000	89,609,000
Goodwill	26,588,000	26,943,000
Long-term investment (Note 3)	79,689,000	79,674,000
Other assets	35,114,000	35,099,000
	$ 401,928,000	$ 391,308,000

LIABILITIES AND CAPITAL DEFICIENCY

Current liabilities:		
Accounts payable	$ 19,360,000	$ 9,959,000
Accrued liabilities	67,990,000	64,390,000
Income taxes payable	-	3,331,000
Deferred sales	11,436,000	10,576,000
Current portion of long-term debt	9,244,000	397,000
Total current liabilities	108,030,000	96,653,000
Long-term debt	236,065,000	244,982,000
Debentures	47,641,000	47,619,000
Notes payable to related parties	52,731,000	52,731,000
Accrued pension obligation	30,809,000	28,794,000
Other liabilities	39,985,000	32,119,000
Capital deficiency:		
$4.50 Class A noncumulative participating convertible preferred stock, $1.00 par value; $50.00 per share liquidation preference ($26,500,000 in the aggregate); 730,000 shares authorized, 529,945 shares issued and outstanding	530,000	530,000
Common stock, $1.00 par value; 1,100,000 shares authorized, 365,963 shares issued and outstanding	366,000	366,000
Capital in excess of par value	5,335,000	5,335,000
Accumulated deficit	(51,389,000)	(49,646,000)
Less amount not "pushed down" to equity of subsidiary	(68,175,000)	(68,175,000)
Total capital deficiency	(113,333,000)	(111,590,000)
	$ 401,928,000	$ 391,308,000

MARY KAY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
AND ACCUMULATED DEFICIT

(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Net sales	$ 139,340,000	$ 117,724,000
Cost of sales	34,277,000	28,154,000
Selling, general and administrative expenses	89,043,000	76,214,000
Operating income before revaluation of stock option plan	16,020,000	13,356,000
Revaluation of stock option plan	7,749,000	-
Operating income	8,271,000	13,356,000
Other income, net	1,051,000	1,090,000
Interest expense	(11,838,000)	(12,916,000)
Income (loss) before income taxes	(2,516,000)	1,530,000
Provision (benefit) for income taxes (Note 4)	(759,000)	1,117,000
Net income (loss)	(1,757,000)	413,000
Accumulated deficit at beginning of period	(49,646,000)	(66,570,000)
Foreign currency translation adjustment	14,000	86,000
Accumulated deficit at end of period	$ (51,389,000)	$ (66,071,000)

See accompanying notes.

MARY KAY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated financial statements of Mary Kay Corporation ("MK Corp") include the accounts of MK Corp and Mary Kay Cosmetics, Inc. ("MKCI"), its wholly owned subsidiary. All significant intercompany transactions have been eliminated.

   Certain amounts from 1991 have been reclassified to conform with the 1992 presentation.

2. The interim consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair statement of the financial position and results of operations for the interim periods presented. These adjustments are of a normal, recurring nature.

   The interim consolidated financial statements of MK Corp should be read in conjunction with MK Corp's consolidated financial statements for the year ended December 31, 1991.

3. Long-term investment consists of an investment in marketable equity securities and certain costs incurred in connection therewith. The investment is carried at the lower of cost or market ($111,021,000 and $109,800,000 at March 31, 1992 and December 31, 1991, respectively).

4. The provision (benefit) for income taxes includes federal, state and foreign income taxes. The provision (benefit) for income taxes differs from that which would be determined by applying the statutory income tax rate to the income before income taxes for the three months ended March 31, 1992 and 1991, due in part to the amortization of certain intangible assets and depreciation of the excess basis of certain fixed assets for financial reporting purposes which are not deductible for income tax purposes.

MARY KAY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ (1,757,000)	$ 413,000
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,674,000	2,093,000
Amortization	1,922,000	2,199,000
Defined benefit retirement program expense	2,151,000	1,020,000
Accretion expenses	627,000	332,000
Deferred tax benefit	(199,000)	(167,000)
Noncash cost associated with the stock option plan	7,749,000	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(223,000)	(512,000)
Inventories	(2,219,000)	(2,768,000)
Income tax receivable	(2,109,000)	1,898,000
Other current assets	(900,000)	(5,975,000)
Other assets	(238,000)	(1,248,000)
Increase (decrease) in:		
Accounts payable	1,401,000	2,500,000
Accrued liabilities	3,600,000	3,908,000
Deferred sales	4,350,000	3,138,000
Income taxes payable	(3,331,000)	-
Other liabilities	(624,000)	(446,000)
Other, net	(106,000)	(14,000)
Net cash provided by operating activities	11,768,000	6,371,000
Cash flows from investing activities:		
Capital expenditures, net	(1,459,000)	(1,331,000)
Decrease in long-term investment	-	1,459,000
Net cash provided by (used in) investing activities	(1,459,000)	128,000
Cash flows from financing activities:		
Principal payment of long-term debt	(70,000)	-
Increase in long-term debt	-	287,000
Net cash provided by (used in) financing activities	(70,000)	287,000
Net increase in cash and cash equivalents	10,239,000	6,786,000
Cash and cash equivalents at beginning of period	52,157,000	34,495,000
Cash and cash equivalents at end of period	$ 62,396,000	$ 41,281,000
Cash payments (refunds) for:		
Interest (net of amounts capitalized)	$ 2,528,000	$ 2,401,000
Income taxes	4,059,000	(1,500,000)

See accompanying notes.

MARY KAY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General Comments

Mary Kay Corporation ("MK Corp") carries on substantially all of its business activities through its wholly owned subsidiary Mary Kay Cosmetics, Inc. ("MKCI") and its subsidiaries, and it is expected that dividends and other payments from MKCI will be the primary source of funds for MK Corp.

Results of Operations

Changes in net sales are influenced principally by the number of Beauty Consultants selling MKCI's products and their productivity. Net sales for the first quarter of 1992 increased to $139.3 million from $117.7 million in 1991, an increase of 18.4%. This increase is attributable to an 11.2% increase in the average number of Beauty Consultants selling MKCI's products and a 6.4% increase in the average sales productivity per Beauty Consultant as compared to 1991. Contributing to the first quarter increase was the continued success of the improvements made in 1991 to the Beauty Consultants' compensation programs. These improvements were structured to increase the attractiveness and incentives associated with a career as a Beauty Consultant.

MKCI continues to evaluate its discount and commission structure, incentive programs, product line and marketing objectives in an effort to stimulate growth in the size and productivity of the sales force.

Cost of sales is primarily variable and generally reflects changes in net sales. Cost of sales as a percentage of net sales for the first quarter of 1992 was 24.6% compared to 23.9% in 1991. The increased cost ratio for the first quarter of 1992 resulted from a shift in the sales mix towards promotional sales, which have lower gross margins than non-promotional products.

Selling, general and administrative expenses include sales commissions and other expenses which are variable with sales, expenses of a discretionary nature and general corporate overhead. These expenses increased to $89.0 million for the first quarter of 1992 compared to $76.2 million for the first quarter of 1991, but decreased as a percentage of net sales to 63.9% from 64.7% for the same periods. Commission expense increased due to higher volumes of net sales recorded in 1992 and as a result of incentive changes mentioned above. Expenses also increased due to increased costs for employee compensation and benefits, the defined benefit plan and international growth. The revaluation of stock option plan is the annual revaluation of the senior management appreciation rights to fair market value, resulting in a noncash expense of $7.7 million.

The provision (benefit) for income taxes includes federal, state and foreign income taxes. The provision (benefit) for income taxes differs from that which would be determined by applying the statutory rate due in part to the amortization of certain costs related to MK Corp's acquisition of MKCI which are not deductible for income tax purposes.

Liquidity and Capital Resources

MKCI's debt service requirements on the senior secured notes for the remainder of 1992 and the first three months of 1993 will be approximately $39.3 million, assuming that the weighted average rate of interest on such notes during the period is 10.85% (the prevailing weighted average interest rate on such indebtedness as of March 31, 1992).

Dividends and other payments from MKCI are expected to be MK Corp's primary source of funds to satisfy its obligations, including its deferred compensation agreements and senior management appreciation rights ("SMARTS"). Principal and interest payments required to be made on the debt of MK Corp are approximately $14.1 million per annum from 1992 through 1996, $18.9 million in 1997, $23.0 million in 1998, $21.5 million in 1999, $34.6 million in 2000, $33.0 million in 2001 and $29.7 million in 2002. It is anticipated that principal and interest payments on the deferred compensation agreements will be approximately $3.4 million in 1992, increasing thereafter depending on exercised SMARTS but in no event greater than $3.6 million annually. Funding requirements associated with the SMARTS are dependent on the value of MK Corp's equity when the SMARTS are exercised. The SMARTS are exercisable in 20% annual increments for five consecutive years commencing on the fifth anniversary of the grant date.

MKCI's ability to make such dividend payments or other payments to MK Corp is subject to restrictions under the senior secured note agreements, based to a certain extent on future adjusted net income, as defined. Subject to compliance with such restrictions, MKCI expects to pay dividends and to provide funds to MK Corp in an amount sufficient to enable MK Corp to satisfy its obligations. MKCI expects to generate sufficient net cash flow from operations to satisfy all scheduled debt service requirements on MKCI's indebtedness, capital expenditures, and dividend or other payments to MK Corp for its scheduled debt service, operating costs and compensation obligations. Required payments with respect to MKCI's indebtedness and the cash requirements of MK Corp will significantly increase the extent to which declines in sales or increases in expenses could have a material adverse effect on MKCI and will reduce the funds that would otherwise be available for use by MKCI in its business. At March 31, 1992, MKCI had working capital of approximately $31.2 million.

PART II

Item 6. Exhibits and Report on Form 8-K

(a) No documents are filed or incorporated by reference as Exhibits to this report.

(b) No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARY KAY CORPORATION

Date: May 14, 1992

By: _____
Timothy M. Byrd
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer and Duly Authorized Officer of Registrant)